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BALTIMORE SUN
 30 SEPTEMBER 1982

CIA aide met with Wilson in late '70s, court is told

Washington (AP)—A former federal official told a judge yesterday that a Central Intelligence Agency officer met with a former agent, Edwin P. Wilson, to discuss obtaining a Soviet anti-aircraft missile and jet from Libya.

The disclosure by Paul Cyr represents the first assertion in court that an active-duty CIA officer dealt with Mr. Wilson in the late 1970s after he left the agency and began working with the radical Arab government of Libya.

Mr. Wilson faces trial here on charges of supplying explosives for a Libyan terrorist training school and conspiring to assassinate a Libyan dissident. His attorneys have said that his defense would be that he was working for the CIA.

The CIA has repeatedly denied any official involvement with Mr. Wilson during the time he was dealing with Libya.

But Justice Department sources have said that then-active CIA officials might become targets of prosecution in the Wilson case.

Mr. Cyr said he believed Mr. Wilson was working for the CIA, because he himself was present at the meetings between Mr. Wilson and Theodore Shackley, then associate deputy CIA director for clandestine operations. But Assistant U.S. Attorney Carol Bruce told the judge that the government believed Mr. Wilson was just offering assistance in an effort to kill a federal investigation of him.

Mr. Cyr's attorney, Daniel Grove, said there was no indication Mr. Wilson ever obtained the Soviet equipment.

Mr. Cyr disclosed the meetings to U.S. District Judge John H. Pratt before being sentenced on two counts of accepting a gratuity from Mr. Wilson in December, 1977, while Mr. Cyr was working for the Federal Energy Administration. Mr. Cyr had pleaded guilty to the two counts in a plea bargain with the government.

Mr. Cyr said he was describing the meetings, which were unrelated to the charges against him, in order to put on record another effort on his behalf to aid the U.S. government.

Mr. Cyr first met Mr. Wilson in 1969 while Mr. Cyr was working for the U.S. Army Materiel Command and they became such good friends that Mr. Wilson provided a home for Mr. Cyr's youngest son for several years during a Cyr family crisis.

Mr. Cyr said that in the late 1970s when Mr. Wilson was traveling back and forth between Washington and Libya, "I met with him and one thing that was strongly suggested was that Wilson use his position to obtain from the Libyan government Russian materiel that the United States was trying to get. Wilson agreed to this. We did meet, and I was present, with Ted Shackley."

Mr. Shackley, who has since left the agency, could not be reached for comment yesterday. A CIA spokesman, Dale Peterson, said yesterday that

"an exhaustive search of our files has not uncovered any evidence that the CIA asked Wilson to obtain Soviet equipment from Libya."

Mr. Cyr said that there were discussions about obtaining a Soviet SA-8 anti-aircraft missile in 1977-78 and about obtaining a MiG-26 jet fighter.

Mr. Cyr told the judge, "I thought Wilson was in the CIA. I sat in on meetings with Wilson and Ted Shackley and Wilson was telling him what the Russians were doing there."

Mr. Cyr also described an incident in 1981 in which Mr. Wilson called him from Libya and offered to supply details of what Mr. Wilson said were Libya's efforts to produce a nuclear bomb.

Mr. Cyr said that he eventually made arrangements for his attorney to obtain the information from Mr. Wilson in Libya and turn it over to the government.

Judge Pratt asked federal prosecutors if they had been aware of all this information, and Mrs. Bruce said, "We have been aware of all of this for some time." She said the government did not doubt that Mr. Cyr acted out of patriotism but said that Mr. Wilson was simply trying to convince the Justice Department to end its criminal investigation of him.

She said that before Mr. Wilson's indictment his attorney, Seymour Glanzer, would frequently call prosecutors in the wee hours of the morning and offer to obtain particular pieces of equipment or information.

Mrs. Bruce said, "The so-called bomb information was submitted to the CIA and other U.S. intelligence agencies and it was found to be of no intelligence value."

Mr. Cyr was charged with accepting money from Mr. Wilson for introducing a computer firm, which was seeking federal contracts, to federal energy procurement officials. The exact amount he received is undetermined, but the government estimates it was between \$3,000 and \$6,000.

Mrs. Bruce told Judge Pratt that the government believed Mr. Cyr had cooperated with federal investigators to the best of his ability, although his acknowledged alcoholism had left his memory hazy on some transactions.

Mr. Cyr could have received four years in prison and a \$20,000 fine, but Judge Pratt sentenced him to three years' probation, a \$5,000 fine and community service as a counselor with a northern Virginia alcoholism group.

In appealing for leniency, Mr. Cyr submitted a letter on his behalf from former CIA Director William E. Colby, who served with Mr. Cyr during World War II in the Office of Strategic Services, forerunner of the CIA. Mr. Cyr was decorated by the U.S. and allied governments for three separate commando missions behind enemy lines, two in

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USA TODAY

STATINTL

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QUOTELINES

"The swelling population of Mexico, driving millions of illegal aliens over the border, is a greater threat to the future of the United States than the Soviet Union."

— William Colby, former CIA director

UNITED PRESS INTERNATIONAL
23 SEPTEMBER 1982

NEW BRUNSWICK

Former CIA Director William E. Colby said Wednesday negotiations between the United States and the Soviet Union were the "only answer" to the threat of nuclear war.

"Nuclear weapons are unuseable, the arms race unwinnable and the suggestion of unilateral restraint is unworkable," Colby said during a speech before 200 students and faculty at Rutgers University.

Colby, CIA director between 1973-1976, called the nuclear weapons freeze proposal facing New Jersey voters on the Nov. 2 ballot, a "very important opportunity to impress the (Reagan) Administration."

Colby was the first of nine scheduled guest speakers in a series of lectures at Rutgers titled "The Nuclear Arms Race; Security Versus Survival."

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FOR PUBLIC AFFAIRS STAFF

PROGRAM CBS Evening News STATION WDVM TV
CBS Network

DATE September 22, 1982 7:00 PM CITY Washington, DC

SUBJECT The Nugan Hand Bank

BOB SCHIEFFER: In recent years there've been charges from time to time that the CIA has involved itself in illegal activities. Some of the most bizarre to date involve a bank in Australia known as Nugan Hand. And tonight Gary Shepard has a report.

GARY SHEPARD: When the Nugan Hand Bank of Sydney, Australia collapsed in 1980, it appeared at first glance to be just another bank failure. But after Australian authorities began taking a closer look, they discovered a tangled web of intrigue with all the elements of a best-selling spy novel: a mysterious death, the body later dug up from its grave; illegal currency transactions; big-time drug operations; and the Central Intelligence Agency.

NEIL EVANS: We were to become the paymasters for the CIA around the world. In other words, we were putting ourselves in the position to disperse funds for the CIA to whoever they would direct them.

SHEPARD: Former bank executive Neil Evans, given immunity from prosecution, agreed to talk about the Nugan Hand operation on Australian television. From his account and others, the bank had its genesis during the Vietnam war. Four of the original stockholders were Americans who listed their addresses as Air America, Army Post Office, San Francisco. Air America was the CIA airline in Indochina, hauling men and supplies on clandestine missions, and, according to former CIA agents, even drugs out of the so-called Golden Triangle, where the borders of Burma, Laos and Thailand converge.

UNITED PRESS INTERNATIONAL
18 SEPTEMBER 1982

WASHINGTON

Former CIA chief William Colby, speaking to a Catholic peace convocation, said Saturday the nuclear arms race between Soviets and Americans is "unwinnable."

The Reagan administration has undertaken a build-up of American forces to counteract what it has termed an imbalance between the nuclear forces of the two sides, but Colby said what is needed is a bilateral arms freeze.

"It is quite plain that an advantage on one side, which may exist for a period -- as it did with the Americans for a period -- generates a degree of effort to compensate and to reach that level and even surpass it," said Colby, who served as chief of the CIA under Presidents Nixon and Ford.

Colby, speaking to a 1,200 people at a "Call to Peacemaking" convocation initiated by the Archdiocese of Washington, warned that unilateral disarmament "is not workable," but said he believes that the Soviets would be open to mutual limits on weapons.

He said that in the past treaties such as SALT I have served as a way "to seek change in Soviet behavior. We have seen certain occasions when the Soviets clearly have taken a step which we think was the first step toward a substantial violation and we have called it and seen it stop."

And while he said that not every violation by the Soviets might be caught, "any that they got away with would be marginal. After all, if we are talking about thousands of nuclear weapon, if they add one, would that make a difference?"

He said detection of 100 or 200 weapons would be certain in any proposed further agreements, because "we are going to conduct (an) intelligence effort

against Soviet forces whether there's a treaty or not."

WASHINGTON POST
17 SEPTEMBER 1982

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JACK ANDERSON

Reagan's Guest Is Described as 'Steel Butterfly'

Secret CIA reports describe President Reagan's photogenic guest from the Philippines, Imelda Marcos, as the "steel butterfly" and the "flaming Imelda"—a woman of uncommon charm, chic and ambition.

No less than seven secret psychological reports analyze her personality, with titillating details about everything from her sexual exploits to her political manipulations.

Why does the Filipino first lady, glittering beauty though she is, command the attentions of the awesome CIA? She is much more than dictator Ferdinand Marcos' wife; she is his probable successor and a power in her own right. One source called her "the Evita Peron of the Philippines."

The CIA also suspects she is "behind some of the more strident anti-U.S. rhetoric" that Marcos has mouthed. Why? Washington hasn't always treated her, the CIA suggests, "in a manner befitting her rank and station."

Perhaps this is the reason that former CIA chief William Colby personally conferred with her last July to make arrangements for the Marcos' state visit this week.

Imelda is a former bank hostess and beauty queen whom Ferdinand Marcos courted with daily gifts and promises of undying love. In the fullness of time, the dictator's ardor reportedly dampened, and there followed those mundanities that apparently attend the paling of true love, even among the world's immortals.

What the marriage may lack in romance, however, is made up in power. According to a top-secret CIA report, "the Marcos marriage is essentially a business and political partnership, but no one is sure just how close this working relationship is. At times, the two clearly compete with one another; at others, the president will give in to her unless he believes a vital interest is at stake."

Another profile, written by a female CIA analyst and reviewed by my associate Dale Van Atta, offers this cutting critique: "Mrs. Marcos is ambitious and ruthless. Born a poor cousin of landed aristocracy, she has a thirst for wealth, power and public acclaim, and her boundless ego makes her easy prey for flatterers. Although she has had little formal education, she is cunning."

She has her sights, the CIA believes, on the presidency itself. With a husband 12 years her senior and afflicted with a serious kidney disease, she may soar to the top.

"In the event of President Marcos' death," the CIA predicts, "his wife would doubtless make a bid to re-

place him. Many Filipinos believe that Marcos has left a political will naming his wife his successor."

She is both loved and resented by the populace, loved for her Jacqueline Kennedy-like grace and resented for "her freewheeling lifestyle featuring world junkets and jet-set friends." She also squanders money at a time when most Filipinos live on the edge of poverty.

She is opposed, too, by a military hierarchy who are not eager to have another Evita Peron thrust upon them.

Short Leash: The Defense Department may soon be given an independent inspector general as its watchdog over waste, but he may be kept harmlessly chained up in the doghouse.

House and Senate conferees laboriously worked out a compromise to create a military inspector general. But the authorization bill renders him neither independent nor effective.

The military establishment has resisted efforts to set up the new office, contending that national security secrets might be leaked if the IG weren't under "authority, direction and control" of the secretary of defense.

The compromise permits the senators to veto any investigations involving "situations where disclosure of information could jeopardize the national security."